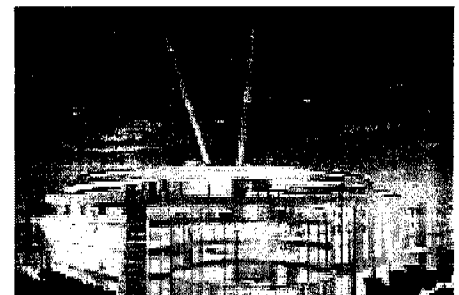
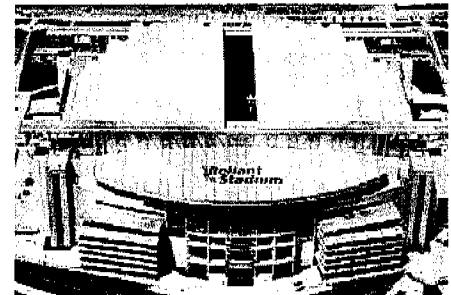


Economic and Fiscal Impacts of Community Venues and Houston Sports

Presented to:

Central Houston, Inc.

February 24, 2003



Prepared by:



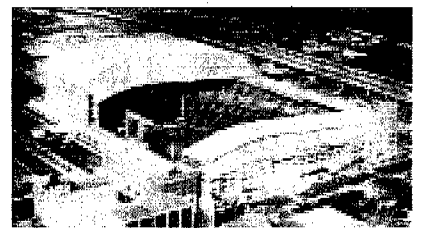
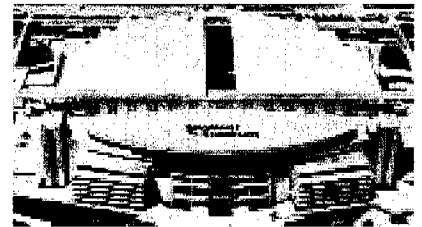
1.0 Executive Summary & Introduction

Central Houston, Inc. commissioned a study by CSL International to develop an independent estimate of the quantifiable impacts generated to the Houston metropolitan area by each of the sports and community venues that have been constructed with the assistance of the Harris County-Houston Sports Authority ("Sports Authority"). The quantified impacts estimated in this report include direct spending, indirect spending, jobs, personal earnings and tax revenues for Minute Maid Park, Reliant Stadium, the Downtown Multi-Purpose Arena and their respective tenants. The assumptions underlying the estimates of economic and fiscal impacts are based on historical and/or projected operations, fan intercept surveys and industry data. The report is comprised of the following sections.

- | | |
|--|--|
| 1.0 Executive Summary & Introduction | 5.0 Downtown Multi-Purpose Arena Impacts |
| 2.0 Economic & Fiscal Impact Methodology | 6.0 Summary |
| 3.0 Minute Maid Ballpark Impacts | 7.0 Report Conditions |
| 4.0 Reliant Stadium Impacts | 8.0 Firm Credentials |

In 1996, the National Football League ("NFL") Houston Oilers relocated to Nashville after unsuccessful efforts to create a public-private partnership to construct a new stadium in Houston. A new stadium was needed to generate additional revenues to sustain the long-term competitiveness of the Oilers among other NFL teams. Recognizing the importance of professional sports franchises to the Houston community and their desire to retain the remaining professional sports teams in Houston, the Harris County Commissioners Court and the Houston City Council created the Sports Authority in September 1997. The Sports Authority was enabled by Texas House Bill 92 which was passed in May 1997 and authorized the imposition of certain local taxes and the issuance of local bonds by a venue district, or sports authority, to finance sports and community venues and related infrastructure.

Since its creation, the Sports Authority has been very active in the development and construction of nearly \$1 billion in sports and community venues including Minute Maid Park (home of the Houston Astros), Reliant Stadium (home of the Houston Texans and the Houston Livestock Show and Rodeo) and the Downtown Multi-Purpose Arena (home to the Houston Rockets, Comets and Aeros). The construction of these facilities was imperative to retain and attract these professional sports franchises. Without these facilities, it is possible that the Houston Astros and Houston Rockets could have relocated to another city and the Houston Texans franchise would not have been awarded to Houston. Additionally, the construction and ongoing operations of these new venues have had significant economic and fiscal impacts to the Houston area.



Economic and Fiscal Impacts of Community Venues and Houston Sports

The new sports facilities and their prime tenants are often more than just an entertainment choice or an employer in a diverse industry providing jobs and income. Professional sports have many aspects that are considered "public goods." Similar to public parks, libraries and performing arts facilities, professional sports facilities create economic and social value not just for those who directly consume the product. Professional sports have long been intertwined with the quality of urban living and serve as an important symbol of a community's identity. Beyond the importance sports play in a community in terms of identity and quality of life, there are also a number of quantifiable economic and fiscal benefits. These benefits often include increased economic activity, enhanced personal earnings, full and part-time jobs, and tax revenue.

Fiscal impacts can be measured relative to the approximate construction cost of each facility in order to gauge the return on investment. The chart below left displays the construction cost, public contributions, and tax revenue attributable to each facility while the chart below right summarizes the resulting annual spending and output credited to the combined operations of the Ballpark, Stadium, and Downtown Arena.

*The operation of the 3 new sports facilities and their tenants is estimated to generate **\$1.1 billion** in total output on an annual basis.*

The return on public investment from each facility is estimated to be:

Total Costs:

Minute Maid Park	\$250 million
New Downtown Arena	\$234 million
Reliant Stadium	<u>\$449 million</u>
Total Costs	\$933 million

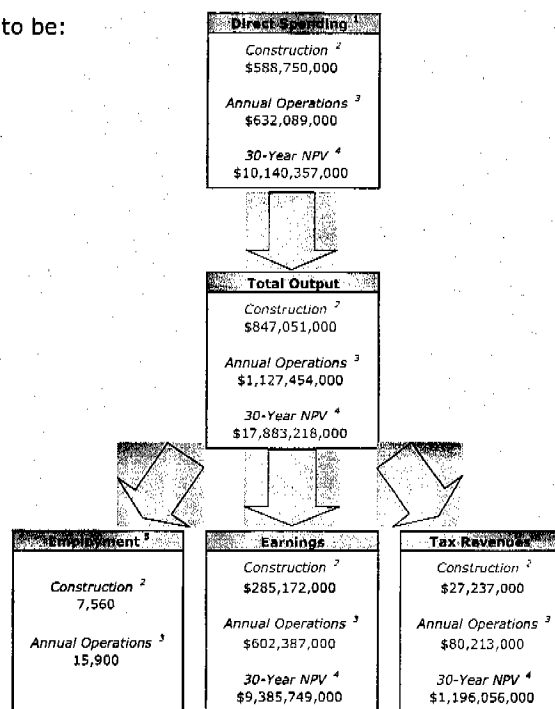
Public Contributions:

Minute Maid Park	\$165 million
New Downtown Arena	\$118 million
Reliant Stadium	<u>\$194 million</u>
Total Public Contributions	\$477 million

Public Tax Revenues:*

Minute Maid Park	\$504 million
New Downtown Arena	\$243 million
Reliant Stadium	<u>\$536 million</u>
Total Public Revenues	\$1,283 million

* Based on 30-year net present value of estimated annual tax revenues, assuming an 8% discount rate.



1 Direct spending has been adjusted for expenditures not impacting the local economy.

2 One-time impacts.

3 Annually recurring impacts.

4 Assumes a 10 percent discount rate. Includes both construction and operation impacts.

5 Full-time positions

6 Includes state and local sales, hotel, car rental and alcohol taxes.

Note: Tax revenues include property tax revenue from ancillary developments spurred by the presence of Minute Maid Park.

Economic and Fiscal Impacts of Community Venues and Houston Sports

The estimates of spending and related impacts are based on the historical operations of Minute Maid Ballpark and the Astros since the facility opened in 2000. In addition, as Minute Maid Ballpark has been in operation for three seasons, additional research was conducted on the level of fan spending in the area and the impact of ancillary development in the areas surrounding the ballpark. The impacts associated with Reliant Stadium and the Texans are based on financial estimates for the first year of operations in the new facility, while the estimates for the Downtown Multi-Purpose Arena are based on projections for the Rockets operating in a new arena. The impacts of the Downtown Multi-Purpose Arena also include the impacts associated with the other event activity that is expected to occur in the new facility such as concerts and other sports events. It is important to note that the estimates presented herein do not include the impacts associated with major, non-recurring events such as Super Bowl XXXVIII, which will be hosted at Reliant Stadium in 2004, or the MLB All-Star Game which will also be hosted in 2004 at Minute Maid Ballpark. The impacts associated with these type of events can be significant and have not been included in this report.

Summary of Annual Economic and Fiscal Impacts - Millions

	Minute Maid Park	New Downtown Arena	Reliant Stadium	Total Impacts
Direct Spending	\$187	\$123	\$323	\$633
Total Economic Activity	\$333	\$218	\$599	\$1,150
Personal Earnings	\$165	\$122	\$315	\$602
Employment	5,100	3,000	7,800	15,900
Tax Revenue	\$35	\$14	\$31	\$80

Note: Impacts are presented in millions with the exception of employment which represents full-time positions.

The economic impact associated with the ongoing operations of each facility and its tenants represents the impacts to the local economy after accounting for the unique nature of player salaries and the manner in which they do or do not impact the economy. The chart above provides a summary of the annual spending and resulting impacts associated with the on-going operations of Minute Maid Ballpark and the Astros, Reliant Stadium and the Texans and the Rodeo, and the Downtown Multi-Purpose Arena and the Rockets.

As shown, the combined direct spending attributable to the facilities and teams totals approximately \$633 million, which in turn generates approximately \$1.1 billion of total output, \$602 million in personal earnings, and 15,900 jobs. Additionally, this economic activity generates approximately \$80 million in local and state annual tax revenue.

*The operation of
the 3 new sports
facilities and
their tenants is
estimated to
generate
15,900
full-time jobs in
the Houston
economy.*

In addition to the economic benefits attributable to the operation of the sports facilities and the presence the sports tenants and rodeo, various community groups and non-profit organizations have benefited. Financial and personal contributions by players, coaches and staff have positively impacted many local non-profit organizations.

For example, in 1995 the Rockets established the Clutch City Foundation to build partnerships with those organizations and people already working in the Houston area to assist those in need. Since its inception, the Foundation has contributed nearly \$5 million dollars to community programs. The Astros coordinate several community relations efforts through the Astros in Action Foundation (AAF) which seeks to improve the quality of life in the Houston community through educational, health, and spiritual endeavors. In their inaugural season, the Texans established the Houston Texans Foundation which coordinated several charity drives before home games including a coat drive and a book drive. The Texans Foundation also partnered with the Salvation Army's Red Kettle Campaign and the NFL's "Play It Smart Campaign". Since the Houston Rodeo was established in 1957, its educational scholarship program has been responsible for more than \$92 million in financial support for Texas students. In 2002 alone, 1,833 students were enrolled in Texas colleges on direct Houston Rodeo scholarships. The Rodeo also supports Future Farmers of America (FFA), art, and literacy programs in the Houston area.



2.0 Economic and Fiscal Impact Methodology

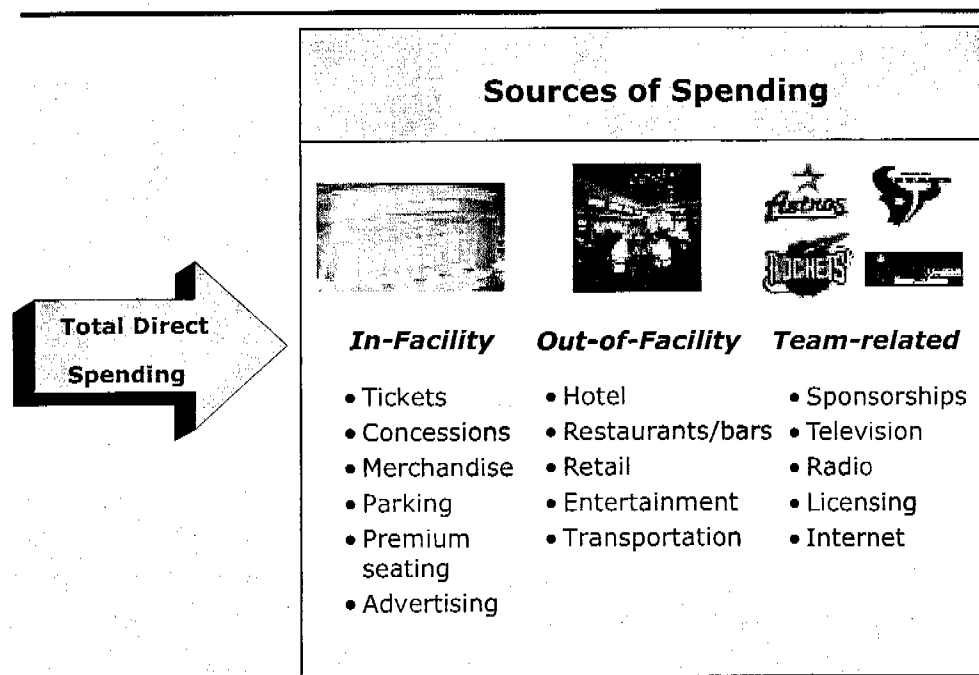
Measurement of the effects that a particular development or business operation has on a specific economy are typically characterized in terms of *economic impacts* and *fiscal impacts*. *Economic impacts* are conveyed through measures of direct spending, total output, personal earnings and employment. *Fiscal impacts* denote changes in tax revenues and have been quantified for existing State and local taxes.

The operation of sports teams and facilities creates significant impacts on a community in a variety of ways. As a part of ongoing operations, economic and fiscal impacts are generated by facility operations, tenants, visiting teams and performers and fan spending. The impacts most visibly begin with fan spending on tickets, concessions, parking, merchandise and premium seating at the venues. League and other team revenues also comprise a portion of the initial round of spending. Other spending sources that comprise the initial round of spending include visiting team expenditures and spending by fans at local establishments before and after home games.

The following flow chart provides a summary of the initial round of spending that impacts the local economy due to the presence of a sports facility and franchise and is primarily comprised of the team and facility revenues, visiting team spending and spending by fans before and after home games. Adjustments to initial spending have been made to reflect the fact that not all spending takes place in the local economy.

The impacts generated by the sports facilities and tenants most visibly begin with fan spending at the venue.

Direct Spending



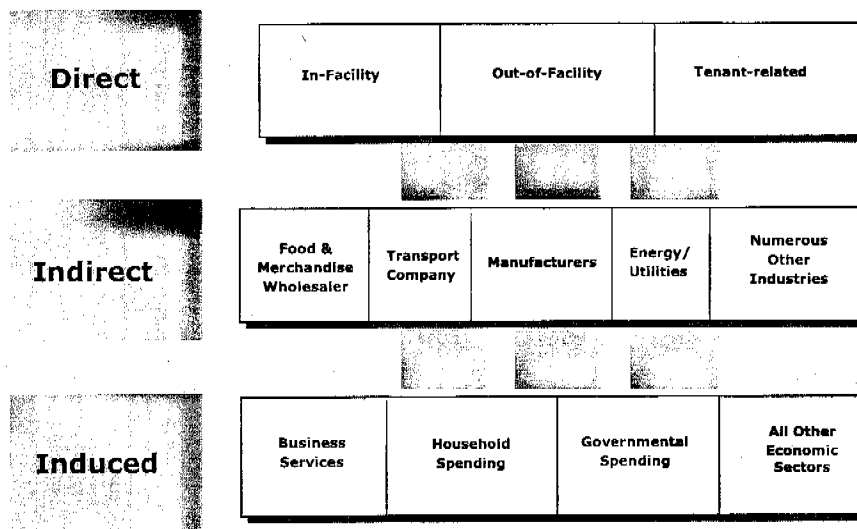
Economic and Fiscal Impacts of Community Venues and Houston Sports

The annual impact resulting from the operation of each of the sports facilities and their tenants on the local area has been estimated using the following economic measurements:

- **Direct spending** represents the first round of quantifiable spending and includes facility and team revenues, spending by fans before and after home games and visiting team expenditures.
- **Total output** represents the total direct, indirect and induced spending effects generated by the facility and team operations.
- **Personal earnings** represent the wages and salaries earned by employees of businesses associated with or impacted by the facility and team operations.
- **Employment** represents the number of full- and part-time jobs generated by the facilities and teams from the direct and indirect spending.

The resulting impacts include total economic output, personal earnings, jobs and tax revenue.

Multiplier Effect



This multiplier effect is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc., a private economic modeling company. The model analyzes economic data on a regional basis by individual industry categories. The multipliers derived for this report are type II multipliers for 39 aggregated sectors, and are based on IMPLAN data sets and BEA methodology for creation of type II multipliers. The IMPLAN system is currently used by hundreds of universities and government entities throughout the country.

Economic and Fiscal Impacts of Community Venues and Houston Sports

As a result of the direct and indirect economic impacts generated by the venues and tenants throughout the local area, the public sector (Harris County, City of Houston and State of Texas) realizes increased tax collections. Based on the estimates of direct spending, the resulting tax collections have been calculated for the State and local jurisdictions. Taxes collected by Harris County are allocated to the City of Houston and other municipalities within the County using various allocation methods. The estimated tax revenues generated as a result of the facility and team operations are based on existing tax rates outlined on the right. Any changes in these rates will have an impact on the resulting tax collections.

Sales, hotel, mixed beverage and auto rental taxes have been calculated based upon the existing tax rates applied to direct ticket, concessions, merchandise, parking, restaurant and hotel spending. For the indirect spending, these tax sources have been quantified by applying a percentage of historical tax collections to the respective gross product. For instance, the sales tax rate on indirect spending represents the historical sales tax collections for the local area and State divided by the total economic activity for each of those areas in the same fiscal year as the tax collections. In addition, the property taxes that are generated from the ancillary development that has or is expected to occur in areas surrounding Minute Maid Ballpark have been quantified. However, since Reliant Stadium has only been in operation for a partial year and the new Downtown Arena is in the construction stages, the impact of ancillary development has not been calculated.

It is important to note that the impacts presented in this report do not specifically account for any potential displacement. With the operations of any sports franchise or facility, the phenomena of "displacement" will take place to some degree. Specifically, this refers to the fact that some portion of the spending generated by the facilities or franchises may have otherwise taken place on some other entertainment activity in the Houston metropolitan area if the teams were to relocate and/or the facilities were not in Houston. While this displacement of spending may take place to some degree, it is important to note that:

- The entertainment spending that may take place without the existence of the facilities or franchises may occur outside the Houston area.
- Spending that results instead of franchise/facility-related spending may be on goods and services taxed at a lower rate.
- A significant portion of franchise revenues are generated from national sources, such as television broadcast rights, visiting team ticket revenue, league merchandise agreements, league sponsorships and other league revenues, all of which are directly related to the presence of the teams and would not occur without their presence.

Local and State Tax Rates		
	Local	State
Direct		
• Sales	2.00%	6.25%
• Mixed beverages	3.00%	11.00%
• Hotel	11.00%	6.00%
• Auto Rental	5.00%	0.00%
• Property Tax	2.93%	0.00%
Indirect		
• Sales	0.22%	3.12%

* Taxes are based on the existing tax rates

** Taxes are based on the historical tax collection

as a percentage of the total economic activity.

***The public sector
realizes increased tax
collections as a result
of the operations of
the new sports
venues.***

3.0 Minute Maid Ballpark Impacts

Ballpark and Team Overview

The Houston Astros have been an integral part of the Houston community since 1960. Originally called the Colt 45s, the Astros played in Colt Stadium from 1960 to 1964. From 1965 to 1999, the Astros played at the Astrodome and regularly drew over 2 million fans per year. However, the Astrodome, like many sports facilities, became economically obsolete as many Major League Baseball ("MLB") teams moved into new, more intimate ballparks with greater revenue-generating capabilities.

In an effort to keep the Astros in the Houston community and to assist the team in becoming more financially competitive with its MLB peers, a public-private partnership was formed to construct a new downtown ballpark.



Minute Maid Park, the Astros' new home, opened on March 30, 2000. The retractable-roof ballpark has a seating capacity of 42,000 including 62 private suites and 5,000 club seats. Total cost associated with the ballpark was \$250 million. With the Sports Authority issuing the bonds to finance ballpark construction, the Sports Authority contributed \$165 million through auto rental taxes and hotel/motel taxes. The Astros contributed \$8 million through debt backed by a \$4.6 million annual rent payment to the Sports Authority. The facility is owned by the Sports Authority and operated by the Astros.

Since its opening, Minute Maid Park has had a positive impact on downtown Houston and the local economy, drawing over 2.5 million fans annually to downtown and spurring private sector development in downtown Houston.

Direct Spending Analysis

The direct impact focused on in this report includes ballpark and team revenues, and spending outside the ballpark at local establishments such as restaurants, retail shops and other such places. In addition, since the ballpark opened in 2000 a significant level of ancillary development has occurred in the area surrounding the ballpark. The impacts generated by the ancillary development has also been considered. To evaluate the direct spending, historical data for facility and team operations was used as a basis for developing the initial round of spending. In addition, fan intercept surveys were completed with Astros fans at three home games in September 2002. The fan intercepts were completed to better understand the fan origination and the level of spending before and after home games at area establishments.

Minute Maid Park Financing Summary

Total Cost:	\$250 million
Public participation:	66%
Private participation:	34%

Astros' Rent
\$85 million



Hotel/Car Rental Taxes
\$165 million

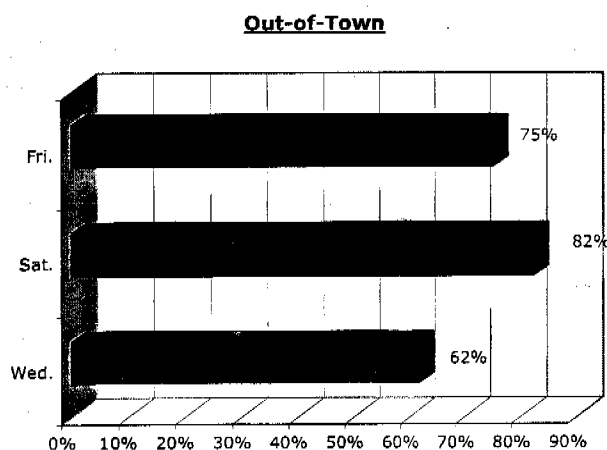
Economic and Fiscal Impacts of Community Venues and Houston Sports

Fan intercept surveys were conducted to capture primary market data regarding fan attendance and spending behaviors in order to estimate the first round of direct spending. Information gathered from fan intercept surveys included:

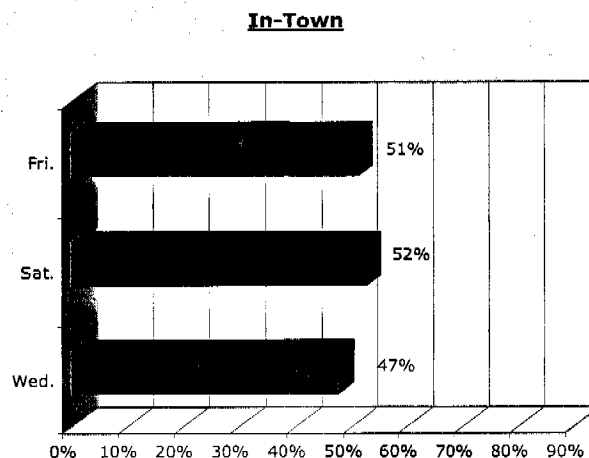
- Place of residence;
- Out-of-ballpark spending; and
- In-ballpark spending.

In-town fans are considered those that reside within the Houston CMSA. The Houston CMSA includes the following counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller. Depending on the day of the game, between 65 and 90 percent of the attendees were from the local area with an average for local attendance of approximately 82 percent. Spending at local business establishments in connection with attendance to Astros' games account for a significant portion of economic impacts associated with Minute Maid Park. Fans were asked if they had stopped, or planned to stop, at area business establishments to or from the game. Approximately 78 percent of out-of-town fans and 50 percent of in-town fans patronized, or planned to patronize, area businesses.

Survey results indicate that
18 %
of the Minute Maid Ballpark attendees originate from outside the Houston CMSA.



Average = 78%



Average = 50%

Fans who patronized, or planned to patronize, area businesses in connection with their attendance to Astros' games were asked how much they spent or planned to spend. Out-of-town fans spent or planned to spend \$38.67 per person on restaurants/bars, retail, entertainment, gas, ground transportation and other items. In-town residents spent or planned to spend approximately \$16.01 per person.

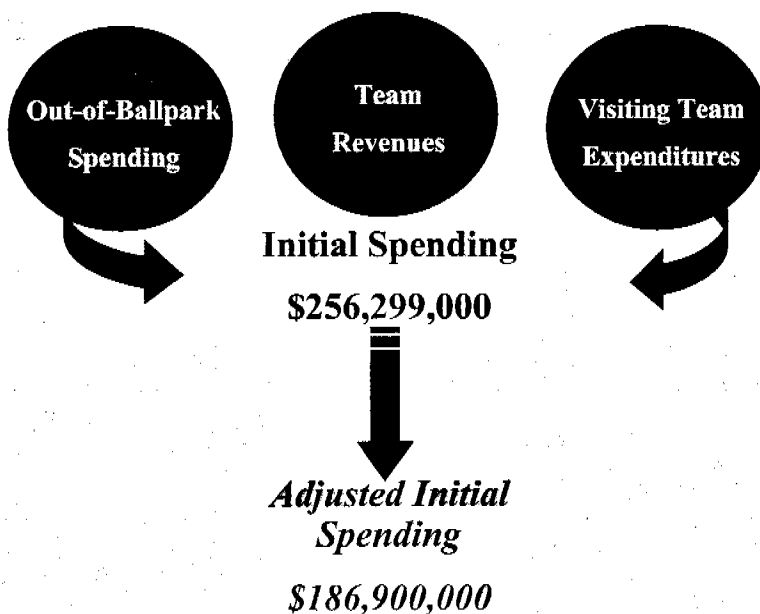
Out-of-town fans were asked how much money they planned to spend during their stay in the Houston area, excluding spending on their way to the game, at the game,

and on their way from the game. The average spending by out-of-town respondents was approximately \$40.21 per day including expenditures on hotels, food and beverages, shopping/retail, entertainment, transportation and other items. (see Appendix for more detailed fan intercept survey results.)

Adjustments to the direct spending sources have been made to reflect the fact that spending patterns of sports venues and teams vary significantly from those in other more typical industries as a portion of the initial spending immediately leaves the local economy. Traditionally, multipliers that are used in economic impact studies are designed to reflect such leakage. As such, many economists argue that it is not necessary to adjust the initial round of spending since the multipliers take this into account. However, because the largest expense of a professional sports franchise, players' salaries, does not necessarily fully impact the local area (players often do not reside in the local area year-round), the initial round of spending has been adjusted downward in this analysis.

*Out-of-town ballpark
attendees spent an
average of
\$40.21
per day while in
Houston.*

As shown, the initial direct spending is estimated to approximate \$256 million. The reduction in direct spending associated with the team operations reflects the amount of player salaries and estimated ballpark/team profits that are not expected to impact the local economy. This adjustment was made to specifically acknowledge the fact that a number of the players do not reside in the local area and that some portion of the players' income is spent in other locations. By adjusting the initial round of direct spending for player salaries that are assumed to occur outside of the local area, the initial round of spending is estimated to decrease to approximately \$187 million.



Direct and Indirect Impacts

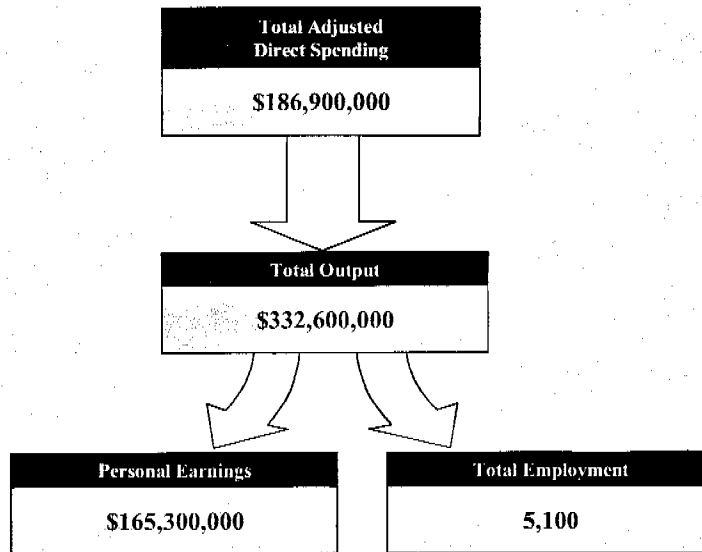
The initial spending of new dollars in an economy begins a series of spending in which the dollars are cycled through the economy. The indirect spending represents the incremental impact that the various rounds of respending of the direct expenditures has on the defined economies. As money leaves the economy due to exportation or leakage, the input-output model adjusts each successive round of spending, recognizing only the impact that the spending has on the defined economy. The respending of the dollars is estimated by utilizing economic multipliers and applying them to the amount of direct, or initial spending.

This multiplier effect is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc., a private economic modeling company.

The following chart highlights the initial round of adjusted direct spending and resulting estimated economic impacts associated with the operation of the Ballpark and the Astros. The resulting total output, earnings and employment were estimated through the application of the aforementioned multipliers.

\$333 million
total annual output
\$165 million
annual earnings
5,100
full and part-time jobs.

Summary of the Minute Maid Ballpark Economic Impacts



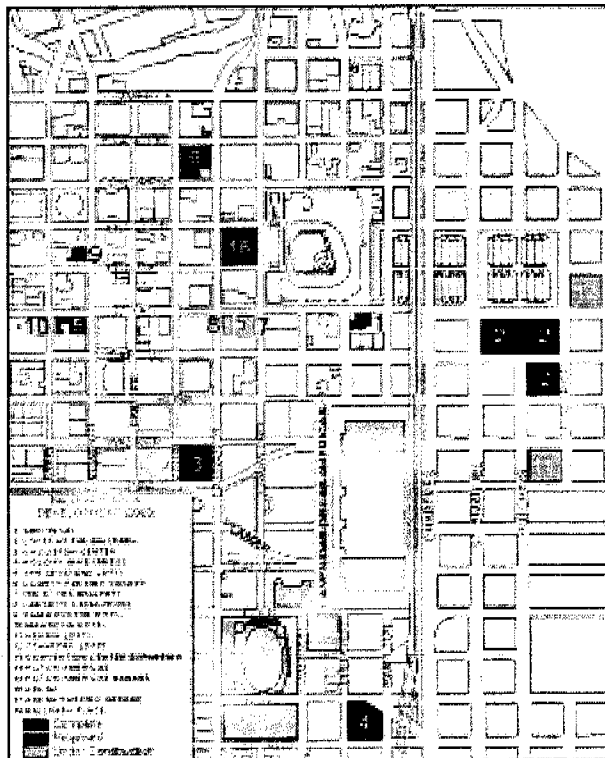
Ancillary Development

In addition to the economic and fiscal impacts generated by the construction and operations of Minute Maid Park, the ballpark has had a significant impact on downtown commercial development. Specifically, 14 completed projects including many office, retail, residential and entertainment projects totaling approximately \$545 million in new investment in downtown Houston have been directly attributable to the presence of Minute Maid Park. These projects include:

- ♦ 5 Houston Center - \$115 million
- ♦ Ballpark Place - \$90 million
- ♦ East Side Lofts - \$30 million
- ♦ Herrin Lofts - \$16 million
- ♦ Holiday Inn Express - \$8 million
- ♦ Inn at the Ballpark/Landry's Steakhouse - \$37 million
- ♦ Keystone Lofts - \$10 million
- ♦ Lofts at the Ballpark - \$37 million
- ♦ Magnolia Hotel - \$52 million
- ♦ Marriott Renaissance Hotel - \$75 million
- ♦ Northwind Union Station Chilling Plant - \$30 million
- ♦ Sam Houston Hotel - \$17.5 million
- ♦ Stanford Lofts - \$13 million
- ♦ Stowers Building - \$15 million

These developments have significantly increased the taxable property values in downtown and have contributed to the economic vitality of the area. It is estimated that these additional developments could generate approximately \$12.1 million annually in property tax revenues, assuming 75 percent of development costs as a proxy for assessed valuation.

*The development of Minute Maid Ballpark is directly responsible for approximately **\$545 million** of tax producing development in surrounding areas of the ballpark.*



Fiscal Impacts

The operation of Minute Maid Ballpark and the Astros franchise generates a total of approximately \$34.7 million in total local and State tax revenue. Of this total, approximately \$18 million is local-related taxes while the remaining \$16 million is State-related. The direct taxes which are generated by spending at the ballpark on tickets, concessions and merchandise is estimated to generate approximately \$2.8 million and \$8.8 million in local and State tax revenue, respectively.

Summary of Tax Revenue Generated by the Ballpark					
Local Tax Revenue			State Tax Revenue		
		Total			Total
Direct			Direct		
Sales	\$3,386,000		Sales	\$10,582,000	
Mixed beverage	329,000		Mixed beverage	1,207,000	
Property ¹	12,112,000		Property ¹	0	
Hotel	1,533,000		Hotel	836,000	
Auto Rental	314,000		Auto Rental	0	
Subtotal		17,674,000	Subtotal		12,625,000
Indirect			Indirect		
Sales	\$1,068,000		Sales	\$3,337,000	
Total Tax Revenue	\$18,742,000		Total Tax Revenue	\$15,962,000	

(1) Property tax figures include estimated tax revenues from new development surrounding Minute Maid Ballpark.

Minute Maid Ballpark generates annually an estimated \$34.7 million in local and state taxes.

Non-Quantifiable Benefits

A sports venue and franchise creates direct and indirect economic benefits in the geographical area in which it is located. As previously described, many of those benefits are explicit, and their impact can be accurately estimated. In addition to these benefits, there are certain non-quantifiable benefits that must be considered in a comprehensive review of the economic benefits derived from a sports franchise. The Astros have been involved in the community and charitable causes since 1962. A summary of the Astros' current charitable activities include:

- ♦ Astros in Action Foundation
- ♦ AIAF Astros Fan Fest
- ♦ AIAF Food/Item Drive
- ♦ AIAF Blood Drive
- ♦ AIAF Book Drive
- ♦ AIAF Prescription for Reading Drive
- ♦ AIAF Black Ties and Baseball Caps Gala
- ♦ Superstars of the Future
- ♦ Coca-Cola Astros Buddies Club
- ♦ Hispanic Heritage Celebration
- ♦ Berkman's Bunch with Methodist Health Care System
- ♦ Sunshine Kids and Craig Biggio
- ♦ Junction Jack

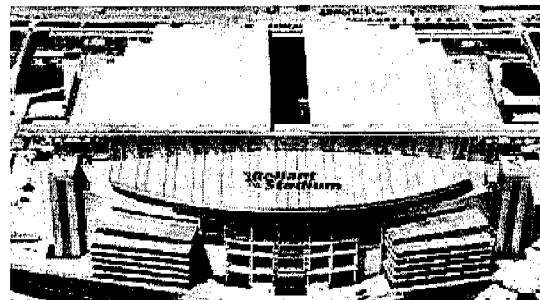
4.0 Reliant Stadium Impacts

Stadium and Team/Rodeo Overview

The NFL Houston Oilers relocated to Nashville in 1996 after playing 36 years in Houston. The team relocated after failed attempts to create a public-private partnership to build a new stadium. A new stadium was necessary to allow the Oilers to generate additional revenues to remain competitive with other NFL teams that play in new stadiums.

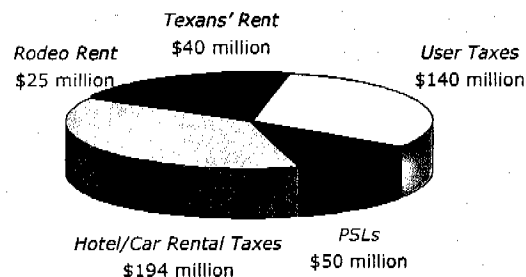
In an effort to attract an NFL franchise back to Houston and to provide better facilities to the Houston Livestock Show and Rodeo, a public-private partnership was formed to build a new stadium. Reliant Stadium opened in the summer of 2002 and is responsible, along with Bob McNair, for the return of the NFL to Houston.

The retractable roof facility has seating capacity of 69,500 seats including 166 suites and 8,000 club seats. Total costs associated with the stadium were \$449 million. With the Sports Authority issuing bonds to finance the construction of the stadium, the Sports Authority contributed \$194 million secured by the hotel occupancy tax and short-term car rental taxes. The Houston Texans contributed \$50 million from the sale of personal seat licenses (PSLs). In addition, the team provides \$40 million that is secured from an annual rent payment of \$3.0 million to the Sports Authority. The Houston Livestock Show and Rodeo provided \$25 million secured by annual rent payments of \$1.5 million to the Sports Authority. User fees including a 10 percent ticket tax, \$1 parking surcharge and sales tax rebates on in-stadium spending account for \$140 million in project funding. The facility is owned by Harris County and operated by SMG, a private management company.



Reliant Stadium Financing Summary

Total Cost:	\$449 million
Public participation:	43%
Private participation:	57%



HOUSTON LIVESTOCK SHOW
RODEO HOUSTON



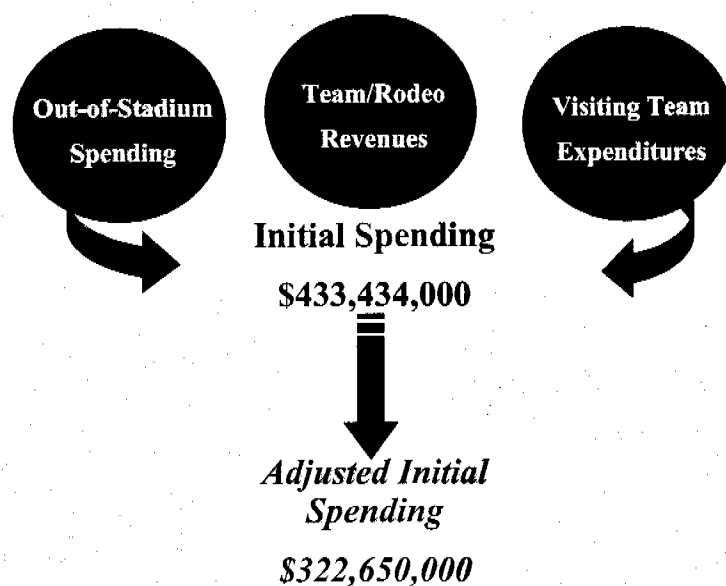
YOU'VE NEVER SEEN IT LIKE THIS!
FEB. 25 - MARCH 16, 2003

Direct Spending Analysis

As with Minute Maid Ballpark, the direct impact focused on in this report includes stadium, team and rodeo revenues, and spending outside the stadium at local establishments such as restaurants, retail shops and other such places. To evaluate the direct spending, projected data for Reliant, the Texans and the Rodeo were used as a basis for developing the initial round of spending. Estimates for out-of-stadium spending were based on past surveys conducted in other NFL markets adjusted for Houston cost of living considerations.

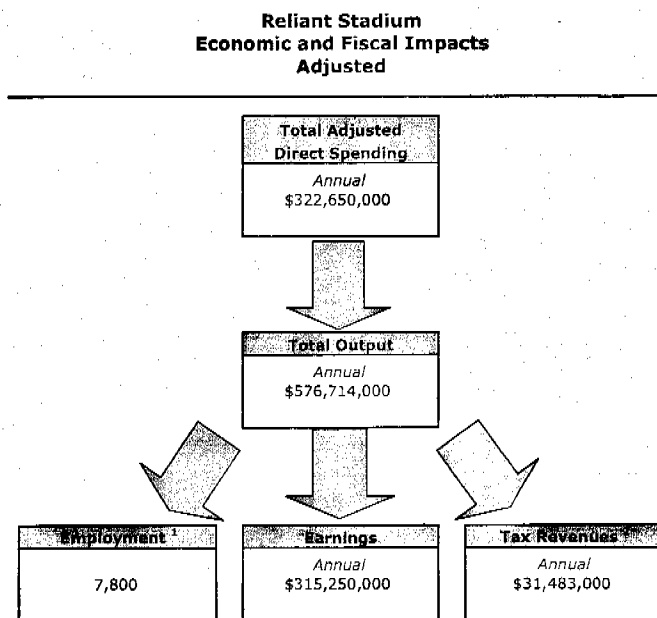
As shown, the initial direct spending is estimated to approximate \$433.4 million. The reduction in direct spending associated with the team operations reflects the amount of player salaries and estimated stadium/team profits that are not expected impact the local economy. This adjustment was made to specifically acknowledge the fact that a number of the players do not reside in the local area and that some portion of the players' income is spent in other locations. By adjusting the initial round of direct spending for player salaries that are assumed to occur outside of the local area, the initial round of spending is estimated to decrease to approximately \$322.7 million.

*Reliant Stadium is responsible for almost **\$323 million** annually in direct spending in Harris County.*



Direct and Indirect Impacts

The following chart highlights the initial round of adjusted direct spending and resulting estimated economic impacts associated with the operation of the Texans and the Rodeo. The resulting total output, earnings and employment were estimated through the application of the aforementioned multipliers. As shown in the chart, Reliant Stadium and its tenants are responsible for a total annual economic output of approximately \$576.7 million including \$31.5 million in tax revenues.



1 The estimate includes full-time jobs.

2 Includes state and local sales, hotel, car rental and alcohol taxes.

Houston Texans and Houston Rodeo operations are responsible for an economic output of nearly \$578 million and approximately \$32 million in annual tax revenues.

Summary of Tax Revenue Generated by the Stadium

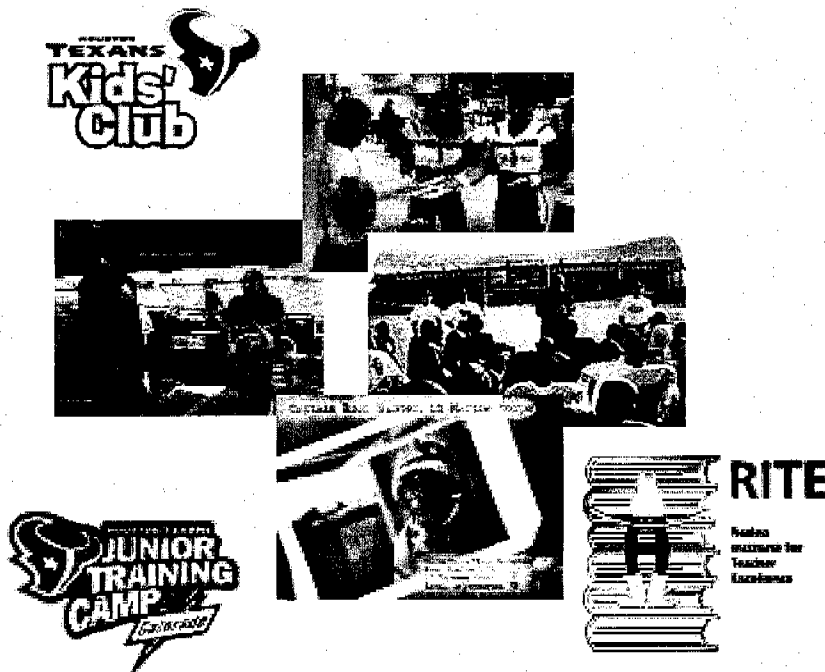
Local Tax Revenue			State Tax Revenue		
		Total			Total
Direct	Sales	\$4,158,000	Direct	Sales	\$12,993,000
	Mixed beverage	308,000		Mixed beverage	1,129,000
	Hotel	2,855,000		Hotel	1,557,000
	Auto Rental	803,000		Auto Rental	0
	Subtotal	8,124,000		Subtotal	15,679,000
Indirect	Sales	\$1,862,000	Indirect	Sales	\$5,818,000
Total Tax Revenue		\$9,986,000	Total Tax Revenue		\$21,497,000

Non-Quantifiable Benefits

The Houston Texans and the Houston Livestock Show and Rodeo help coordinate a variety of charitable and community endeavors that contribute positively to the Houston community. The primary community relations effort of the Texans is the Houston Texans Foundation which helps coordinate the charitable efforts of the team. In 2002, the Foundation helped coordinate several successful charity drives including a coat drive and a book drive. The Foundation also coordinates NFL league-wide charity efforts and the Play It Smart program which helps high school football players become more involved in their community.

The Houston Livestock Show and Rodeo has several charitable efforts, the most notable being its scholarship program which has supported Texas children with over \$92 million in scholarship support since the Houston Livestock Show and Rodeo's inception in 1957. The Houston Livestock Show and Rodeo's mission is still defined by the thousands of young people who annually receive financial support from the organization. In the fall of 2002, 1,833 students were enrolled at 93 Texas colleges and universities on direct Houston Livestock Show and Rodeo scholarships.

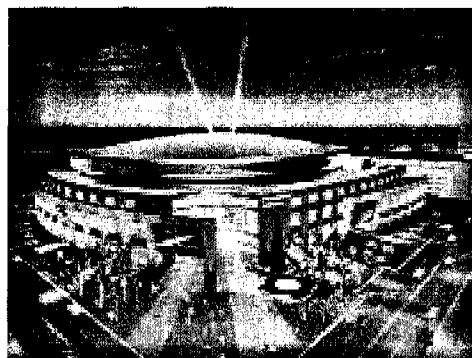
Since 1957, the Houston Livestock Show and Rodeo has raised nearly \$92 million in scholarships for Texas youth.



5.0 Downtown Multi-Purpose Arena Impacts

Arena and Team Overview

The Compaq Center has been the primary sports and entertainment arena in the Houston area since 1975. The facility serves as the home venue for the NBA Houston Rockets, WNBA Houston Comets, AHL Houston Aeros, and numerous concerts, family shows and other sports and entertainment events each year. For all its success, the Compaq Center is the smallest and oldest venue in the NBA and lacks many of the revenue-generating components characteristic of new NBA arenas.



To keep the Rockets in the Houston community and assist the team in becoming more financially competitive with its NBA peers, efforts to develop a public-private partnership to construct a new arena began in 1995. After failing an initial referendum, a new arena won voter approval in 2000 with a 30-point margin, one of the largest victories in sports facility referendums.

The new arena, currently under construction, will open in September, 2003. The facility will have a seating capacity of approximately 18,500 seats, including 95 private suites and 2,800 club seats. Total costs associated with the arena are estimated to be \$234 million. With the Sports Authority issuing bonds to finance construction, the Sports Authority contributed \$118 million via auto rental taxes and hotel/motel taxes. Revenues from a 2,500 space parking garage will fund approximately \$32 million of project costs and the Rockets will contribute \$84 million through an annual net rental payment of \$5.2 million to the Sports Authority. The facility will be owned by the Sports Authority and operated by the Rockets.

The new arena is expected to draw over 2.0 million people downtown each year and further facilitate private sector investment in downtown that has been spurred with the development of Minute Maid Park.

New Downtown Arena Financing Summary

Total Cost:	\$234 million
Public participation:	51%
Private participation:	49%

Parking Garage	Hotel/Car Rental Taxes
\$32 million	\$118 million



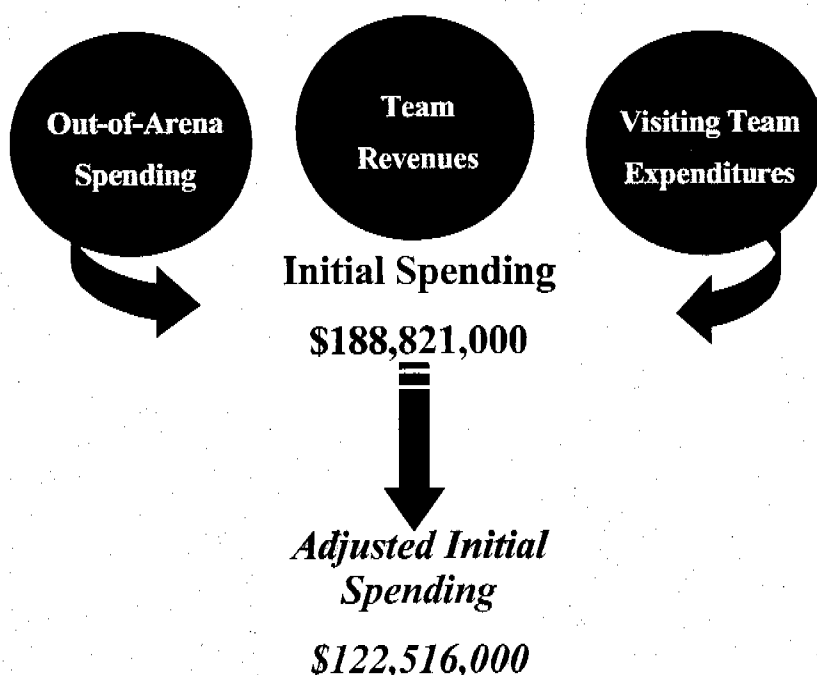
Rockets' Rent
\$84 million

Direct Spending Analysis

As with the other facilities, the direct impact focused on in this report includes arena and team revenues and spending outside the arena at local establishments such as restaurants, retail shops and other such places. To evaluate the direct spending, projected data for the arena and Rockets were used as a basis for developing the initial round of spending. Estimates for out-of-arena spending were based on surveys conducted in other NBA markets adjusted for Houston cost of living considerations.

As shown, the initial direct spending is estimated to approximate \$188.8 million. The reduction in direct spending associated with the team operations reflects the amount of player salaries and estimated arena/team profits that are not expected to impact the local economy. This adjustment was made to specifically acknowledge the fact that a number of the players do not reside in the local area and that some portion of the players' income is spent in other locations. By adjusting the initial round of direct spending for player salaries that are assumed to occur outside of the local area, the initial round of spending is estimated to decrease to approximately \$122.5 million.

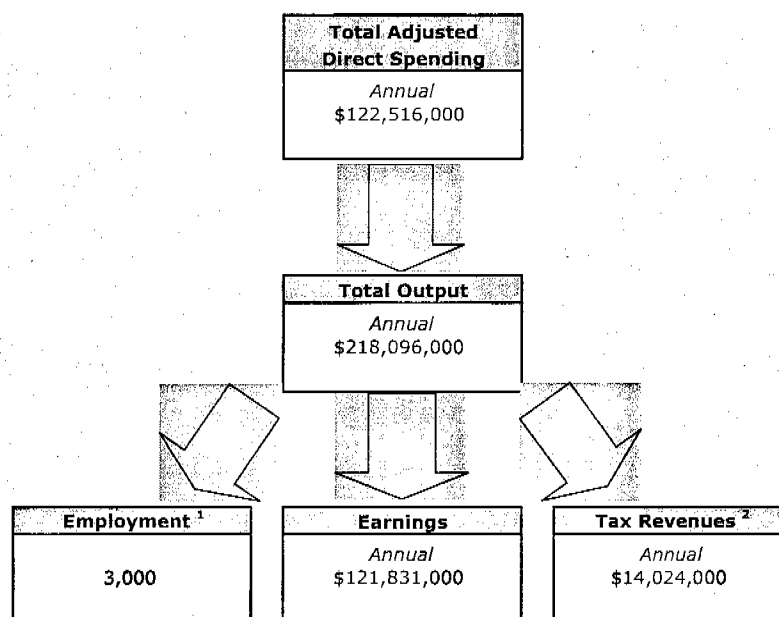
The New Arena will be responsible for an estimated
\$123 million
in adjusted direct annual spending in Harris County.



Direct and Indirect Impacts

The following chart highlights the initial round of adjusted direct spending and resulting estimated economic impacts associated with the projected operations of the new downtown arena. The resulting total output, earnings and employment were estimated through the application of the aforementioned multipliers. The new arena is projected to be responsible for a total economic output of \$218.1 million including tax revenues of \$14 million.

**New Downtown Arena
Economic and Fiscal Impacts
Adjusted**



1 This estimate includes full-time jobs.

2 Includes state and local sales, hotel, car rental and alcohol taxes.

The New Downtown Arena will account for an estimated annual total economic output of \$218 million and annual tax revenues of \$14 million.

Summary of Tax Revenue Generated by the Arena

Local Tax Revenue			State Tax Revenue		
		Total			Total
Direct	Sales	\$2,189,000	Direct	Sales	\$6,840,000
	Mixed beverage	147,000		Mixed beverage	539,000
	Hotel	781,000		Hotel	426,000
	Auto Rental	213,000		Auto Rental	0
	Subtotal	3,330,000		Subtotal	7,805,000
Indirect	Sales	\$700,000	Indirect	Sales	\$2,189,000
Total Tax Revenue		\$4,030,000	Total Tax Revenue		\$9,994,000

Non-Quantifiable Benefits

The Houston Rockets and the Clutch City Foundation have raised nearly \$5 million for charitable causes in the last five years. The Foundation's goal is to build partnerships with charitable organizations and volunteers already in the Houston area to help those in need. Each year, a local non-profit organization benefits from a portion of the Rockets first home preseason game. Funds raised through this program have helped renovate 20 inner-city parks, helped to create the House of Tiny Treasures Day Care for homeless children, provided meals on wheels vans for Kid Care, built a new facility for the Phoenix Outreach Youth Center for at-risk youth, provided 60 scholarships to high school seniors, and benefited the Twin Towers Fund following the September 11 tragedy. The Rockets premier fundraising event, the Tux and Tennies Charity Gala, hosted by Leslie and Nanci Alexander as well as Rockets players, coaches and business team, has raised over \$2 million for local charities. Proceeds from the Gala have provided funding for Casa de Esperanza, Sheltering Arms Senior Services, the Be an Angel Fund, and Kim's Place.

Through various programs established by the Foundation, nearly 70,000 young people have been impacted each year. All of the Rockets players, coaches and staff are involved in the Foundation's efforts to make a positive impact in the area. The Clutch City Foundation and the Houston Rockets are also very involved in the NBA's Read to Achieve Program which includes book donations and read-alongs with Rockets' players.

Since 1995, the Rockets and the Clutch City Foundation have raised nearly \$5 million for charitable causes in the Houston area.

6.0 Summary

Since its creation, the Sports Authority has been very active in the development and construction of nearly \$1 billion in sports and community venues including Minute Maid Park (home of the Houston Astros), Reliant Stadium (home of the Houston Texans and the Houston Livestock Show and Rodeo) and the Downtown Multi-Purpose Arena (home to the Houston Rockets, Comets and Aeros). The construction of these facilities was imperative to retain and attract these professional sports franchises. Without these facilities, it is possible that the Houston Astros and Houston Rockets could have relocated to another city and the Houston Texans franchise would not have been awarded to Houston. Additionally, the construction and ongoing operations of these new venues have had significant economic and fiscal impacts to the Houston area. These benefits include the following:

- The combined direct spending attributable to the new facilities and teams totals approximately \$640 million which in turn generates approximately \$1.1 billion of total output, \$601 million in personal earnings, and 15,900 jobs. Additionally, this economic activity generates approximately \$145 million in local and state annual tax revenue;
- Financial and personal contributions by players, coaches, staff, and teams have positively impacted many local non-profit organizations. These efforts include the Astros in Action Foundation, the Houston Texans Foundation, the Clutch City Foundation, and the Houston Livestock Show and Rodeo scholarship program.
- The operation of Minute Maid Ballpark and the Astros franchise generates a total of approximately \$186 million in direct spending and \$332 million of total economic activity while accounting for 5,100 jobs. The Astros and Ballpark generate annual tax revenues of approximately \$35 million.
- Reliant Stadium, the Houston Texans, and the Houston Livestock Show and Rodeo operations account annually for nearly \$576 million in total economic activity and \$332 million in direct spending. Operations generate 7,800 full-time and part-time jobs while generating tax revenues of \$31 million.
- The Downtown Multi-Purpose Arena and Houston Rockets operations are projected to account for direct spending of approximately \$122 million and \$218 million of total economic output. The Arena and Rockets are expected to generate approximately \$14 million in local and state tax revenues while being responsible for 3,000 full-time and part-time jobs.

*Combined, Houston-area facilities, teams, and tenants generate nearly **\$1.1 billion** of total annual economic output.*

7.0 Report Conditions

It is important to note specific issues concerning the development of project assumptions and the methodology used to quantify the direct spending and the resulting economic and fiscal impacts. Significant issues include the following:

- The analysis contained in the report is based on information provided by Astros' management; Rockets' management; Texans' management; Houston Livestock Show and Rodeo management; the City of Houston; Harris County; the State of Texas; Central Houston, Inc.; and HCHSA;
- Team spending assumptions are based upon historical and projected data;
- The multipliers used in this analysis were generated based on data for Harris County;
- Only surveys of Astros' fans were conducted as part of this analysis. It was assumed that fans of the Rockets, Texans and Houston Livestock Show and Rodeo would spend a similar amount of money before and after home events as those fans from other similar events in other markets;
- Sales, alcoholic beverage and hotel tax revenue was calculated by applying the respective tax rate to the specific direct spending. In addition, the ratio of historical tax collections to State and County estimates of total economic activity was applied to total output or income to quantify the fiscal impact of indirect taxes and other County and State taxes;
- CSL does not make any representations or warranties as to the accuracy or completeness of the information provided to us. Information provided to us has not been audited or verified and has been assumed to be correct; and
- Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the analysis period may vary from those described in the report, and the variations may be material.

The report has been prepared to assist Central Houston, Inc. in the assessment of the economic and fiscal impacts associated with the Astros, Rockets, Texans, and Houston Livestock Show and Rodco and should not be relied upon for any other purpose, or by any other person or entity.

8.0 Firm Credentials

Conventions, Sports, & Leisure International is an industry-leading advisory firm specializing in the analysis of development and operations of sports franchises and facilities. CSL was specifically established to provide focused consulting services unique to the sports, entertainment, and leisure industries. As such, CSL has gained a reputation for providing our clients with professional, thorough and timely hands-on consulting services. One of the primary strengths of CSL is our experience. The CSL team brings to each project a perspective gained through more than 70 years of collective experience in consulting, participating in more than 500 public assembly-related projects.

We assist our clients from the earliest stages of project planning, ensuring that all decisions are informed ones. Our consultants provide in-depth information, creative solutions to underlying issues, a thorough analysis of financial implications, and various measurements of risk and return surrounding alternative courses of action.

CSL has assisted numerous public bodies and private sector clients with the analysis of the benefits associated with sports facility projects similar to Minute Maid Park, Reliant Stadium, and the new downtown arena. Specifically, CSL has assisted clients in evaluating the impact of the following selected franchises or facilities:

- Arizona Cardinals / New Stadium
- Carolina Panthers / Ericsson Stadium
- Dallas Cowboys / Texas Stadium
- Dallas Mavericks / American Airlines Center
- DC Baseball Team / New Stadium
- Detroit Lions / Ford Field
- Florida Marlins / New Stadium
- Green Bay Packers / Renovated Lambeau Stadium
- Houston Oilers / New Multipurpose Stadium
- New York Mets / New Stadium
- NY/NJ Metrostars / New Stadium
- Orlando Magic / New Arena
- Philadelphia Eagles / Veterans Stadium

CSL maintains offices in Minneapolis and Dallas. For more information or questions about the study, please contact Bill Rhoda at (972) 491-6900.

Appendix – Detailed Survey Results

Overview

Fan intercept surveys were conducted to capture primary market data regarding fan attendance and spending behaviors in order to estimate economic and fiscal impacts generated by Minute Maid Park. Information gathered from fan intercept surveys included:

- Place of residence;
- Frequency of attendance;
- Source of ticket purchase;
- Party size;
- Out-of-ballpark spending;
- In-ballpark spending;
- Length of stay; and,
- Purpose of visit.

In-town fans are considered those that reside within the Houston CMSA. The Houston CMSA includes the following counties: Brazoria; Chambers; Fort Bend; Galveston; Harris; Liberty; Montgomery; and Waller.

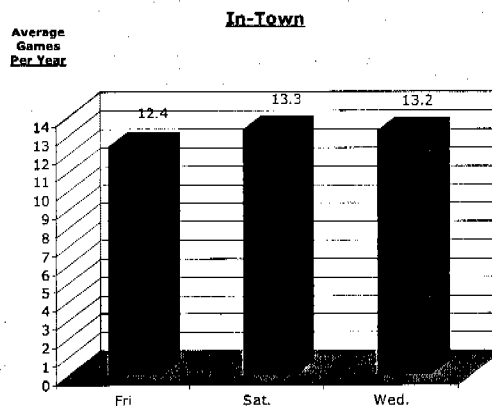
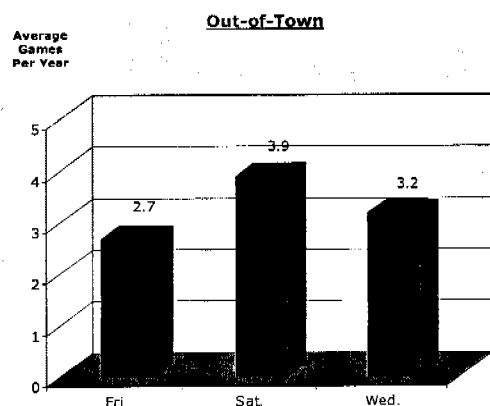
Date	Opponent	Surveys Completed
September 13, Fri.	St. Louis	340
September 14, Sat.	St. Louis	325
September 18, Wed.	Milwaukee	357

Total 1,022

	Fri.	Sat.	Wed.	Avg.
In-town	88.5%	65.5%	92.4%	82.6%
Out-of-town	11.5%	34.5%	7.6%	17.4%

Frequency of Attendance

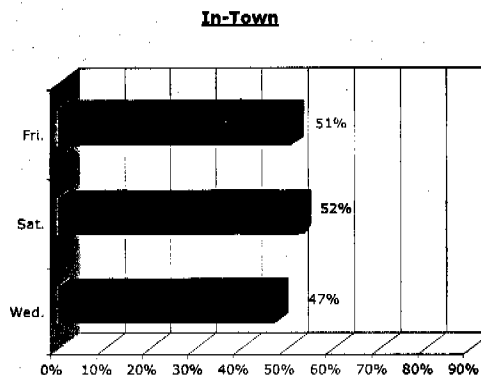
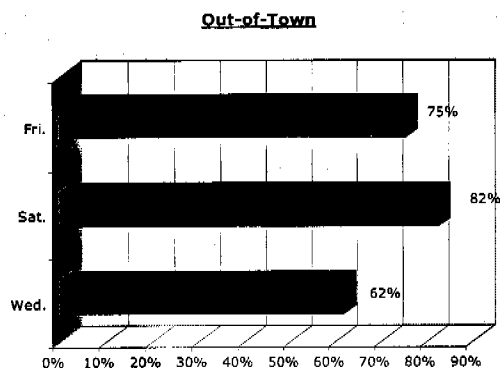
Fans were asked how often they attended Astros' games in a given year. Out-of-town fans attended an average of 3.5 games per year, while in-town fans attended an average of 12.9 games per year.



Economic and Fiscal Impacts of Community Venues and Houston Sports

Patronize Area Establishments To/From Game

Spending at local business establishments in connection with attendance to Astros' games account for a significant portion of economic impacts associated with Minute Maid Park. Fans were asked if they had stopped, or planned to stop, at area business establishment to or from the game. Approximately 78 percent of out-of-town fans and 50 percent of in-town fans patronized, or planned to patronize, area businesses.



Out-of-Ballpark Spending

Fans who patronized, or planned to patronize, area businesses in connection with their attendance to Astros' games were asked how much they spent or planned to spend. Out-of-town fans spent or planned to spend \$38.67 per person on restaurants/bars, retail, entertainment, gas, ground transportation and other items. In-town residents spent or planned to spend approximately \$16.01 per person.

Out-of-Town *

	Fri.	Sat.	Wed.	Average	
Restaurant/Bars	\$28.85	\$12.21	\$19.84	\$14.96	39%
Retail	\$10.42	\$6.88	\$6.61	\$7.26	19%
Entertainment	\$15.78	\$6.60	\$2.88	\$7.65	20%
Gas	\$5.76	\$3.37	\$4.46	\$3.76	10%
Ground Transportation	\$2.00	\$4.51	\$2.30	\$3.93	10%
Other	\$0.85	\$1.21	\$0.00	\$1.11	3%
TOTAL	\$63.66	\$34.79	\$36.09	\$38.67	100%

In-Town *

	Fri.	Sat.	Wed.	Average	
Restaurant/Bars	\$9.70	\$8.50	\$10.54	\$9.68	60%
Retail	\$1.43	\$2.02	\$2.72	\$2.01	13%
Entertainment	\$2.61	\$2.26	\$2.17	\$2.40	15%
Gas	\$1.25	\$1.37	\$1.56	\$1.39	9%
Ground Transportation	\$0.15	\$0.16	\$0.24	\$0.18	1%
Other	\$0.49	\$0.26	\$0.23	\$0.35	2%
TOTAL	\$15.62	\$14.57	\$17.47	\$16.01	100%

*On the way to or from the game.

Economic and Fiscal Impacts of Community Venues and Houston Sports

In-Ballpark Spending

Once fans arrive at the game, they spend money on tickets, food and beverages, parking, novelties and other items. Out-of-town fans indicated they spent an average of \$29.20 per person at the ballpark, while in-town fans indicated they spent an average of \$22.08 per person at the ballpark.

Out-of-Town

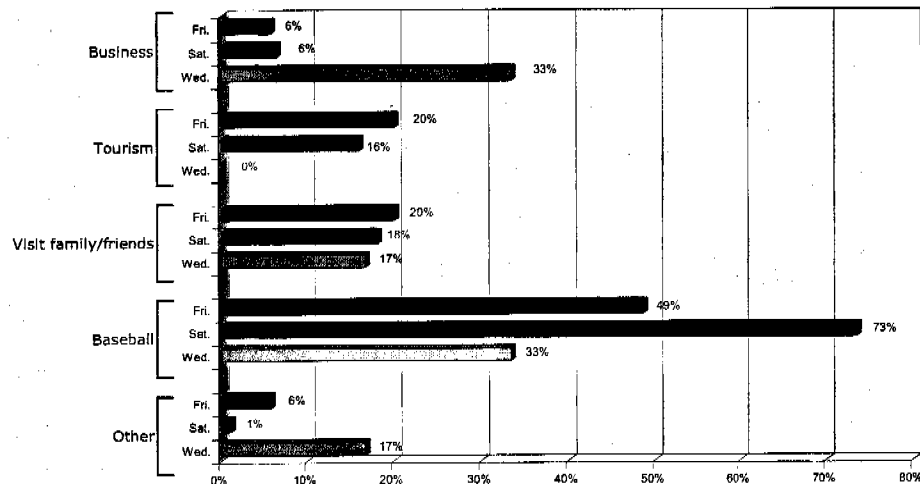
	Fri.	Sat.	Wed.	Average	
Tickets	\$28.16	\$12.46	\$14.13	\$15.36	53%
Food and beverage	\$13.67	\$7.76	\$7.22	\$8.83	30%
Parking	\$2.40	\$1.20	\$1.15	\$1.40	5%
Novelties/Other	\$4.75	\$3.60	\$1.09	\$3.61	12%
TOTAL	\$48.98	\$25.03	\$23.60	\$29.20	100%

In-Town

	Fri.	Sat.	Wed.	Average	
Tickets	\$11.08	\$10.51	\$8.13	\$11.08	50%
Food and beverage	\$7.98	\$8.46	\$7.01	\$7.76	35%
Parking	\$1.11	\$1.50	\$1.32	\$1.28	6%
Novelties/Other	\$2.28	\$2.19	\$1.40	\$1.96	9%
TOTAL	\$22.45	\$22.67	\$17.86	\$22.08	100%

Reasons for Visiting Houston

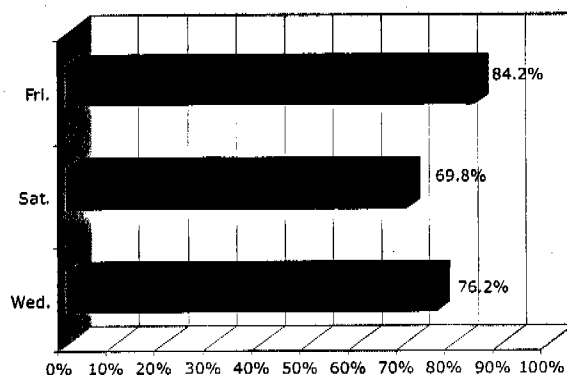
Out-of-town fans were asked what the primary reason was for visiting the Houston area. Baseball was the most cited reason for visiting the area, followed by visiting family or friends, tourism and business travel.



Note: Based on out-of-town respondents only.

Visitors Staying Overnight

Out-of-town fans were asked if they were staying overnight in the Houston area. Approximately 74 percent indicated that they were staying overnight in the Houston area.

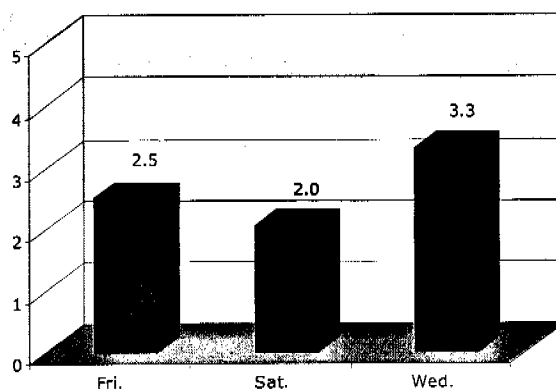


NOTE: BASED ON OUT-OF-TOWN RESPONDENTS ONLY.

Length of Stay

Out-of-town fans were asked to indicate how many nights they planned to stay in the Houston area. The average was 2.3 nights.

Average



Economic and Fiscal Impacts of Community Venues and Houston Sports

Out-of-Town Fan Spending

Out-of-town fans were asked how much money they planned to spend during their stay in the Houston area, excluding spending on their way to the game, at the game, and on their way from the game. The average spending by out-of-town respondents was approximately \$40.21 per day including expenditures on hotels, food and beverages, shopping/retail, entertainment, transportation and other items.

	<u>Fri.</u>	<u>Sat.</u>	<u>Wed.</u>	<u>Average</u>	
Hotel	\$18.01	\$11.13	\$11.36	\$11.82	29%
Food and beverage	11.73	11.72	10.43	11.05	27%
Shopping/retail	6.03	6.71	3.72	5.88	15%
Entertainment	4.38	6.27	3.32	5.27	13%
Transportation	4.49	7.90	1.49	6.08	15%
Other	0.00	0.17	0.00	0.11	0.27%
TOTAL	<u>\$44.65</u>	<u>\$43.90</u>	<u>\$30.31</u>	<u>\$40.21</u>	<u>100%</u>

Note: Represents daily spending per person excluding game day spending.